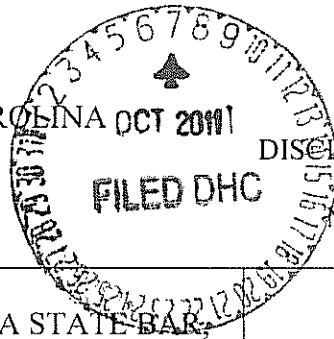


STATE OF NORTH CAROLINA

WAKE COUNTY



BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
11 DHC 25

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

RANDOLPH E. SHELTON, JR., Attorney,

Defendant

COMPLAINT

Plaintiff, complaining of Defendant, alleges and says:

1. Plaintiff, the North Carolina State Bar ("State Bar"), is a body duly organized under the laws of North Carolina and is the proper party to bring this proceeding under the authority granted it in Chapter 84 of the General Statutes of North Carolina, and the Rules and Regulations of the North Carolina State Bar (Chapter 1 of Title 27 of the North Carolina Administrative Code).

2. Defendant, Randolph E. Shelton, Jr. ("Shelton"), was admitted to the North Carolina State Bar in 1975 and is, and was at all times referred to herein, an attorney at law licensed to practice in North Carolina, subject to the laws of the State of North Carolina, the Rules and Regulations of the North Carolina State Bar and the Rules of Professional Conduct.

Upon information and belief:

3. During all or part of the relevant periods referred to herein, Shelton was engaged in the practice of law in the State of North Carolina and maintained a law office in Moore County, North Carolina.

FIRST CLAIM FOR RELIEF

4. Paragraphs 1-3 are incorporated as if fully set out herein.

5. Shelton qualified as the personal representative of the Estate of Mark Alan Westbrook ("the Estate"), Moore County file 06 E 608, on or about September 18, 2006.

6. On or about October 18, 2007, Shelton was given Notice to File a Final Account in the Estate within thirty (30) days.

7. On or about December 4, 2007 the Clerk of Court found that Shelton had failed to file the final account for the Estate as required by law and ordered that he file the final account within twenty (20) days.

8. On or about February 5, 2008 the Assistant Clerk of Court found that Shelton had willfully failed and refused to file the final account as previously ordered by the Clerk of Court and that Shelton was in default of the Order of the Court.

9. Shelton was ordered to personally appear before the Clerk of Court on March 11, 2008 at 10:00 a.m. to show cause why he should not be removed as personal representative of the Estate and attached for contempt for failure to comply with the Order of the Court.

10. Shelton failed to appear on March 11, 2008 before the Clerk of Court as required by the Order to Show Cause.

11. At the show cause hearing on March 11, 2008, the Clerk of Court found that Shelton had willfully failed to comply with the Order of the Court to file an Account and was held to be in Civil Contempt.

12. Shelton was removed as personal representative of the Estate by the Clerk of Court.

13. After a new personal representative for the Estate was appointed, questions were raised regarding Shelton's handling of the sale of a business that was an asset of the Estate.

14. During the time he was the personal representative of the Estate, Shelton conducted the closing for the sale of a business, the Broad Street Bar and Grill, on or about January 26, 2007.

15. Shelton prepared a settlement statement for the transaction. A true and accurate copy of the settlement statement is attached hereto as Exhibit A.

16. Exhibit A shows the following:

Contract Price: \$90,000.00

Attorney Fees for Buyer: \$975.00

Attorney Fees for Seller: \$975.00

17. The closing statement was signed by Phil Peterson on behalf of the buyer and by Shelton on behalf of the seller, the Estate of Mark Allen Westbrook.

18. Shelton failed to disburse the funds from the sale of the business to the Estate until June 5, 2008, subsequent to being removed as the personal representative of the Estate.

19. In June 2008, Shelton prepared a second and different settlement statement for the sale of the business which he had earlier closed on January 26, 2007. A true and accurate copy of the second settlement statement is attached hereto as Exhibit B.

20. The two settlement statements, Exhibit A and Exhibit B, are different in the amounts charged the buyer and seller for certain costs.

21. The June 2008 HUD-1 Settlement Statement, Exhibit B, shows a charge to the Seller for document preparation in the amount of \$1,950.00, which had not been charged to the Seller during the closing on January 26, 2007.

22. The June 2008 HUD-1 Settlement Statement, Exhibit B, shows a charge to the Buyer for attorney fees to Shelton in the amount of \$2,200.00, an increase of \$1,225.00 over the attorney fees charged to the Buyer during the January 26, 2007 closing.

23. Shelton explained the discrepancy in his charges to the Seller-Estate, in part, as follows:

“My fee was changed to reflect not only my fee for the bar closing but also my fee for the remaining work which I had done on behalf of the estate (will probate, dealing with creditors, etc.).”

24. Shelton failed to seek approval of his collection of legal fees from the Estate from the Clerk of Superior Court as required by N.C. Gen. Stat. 28A-23-4.

25. Shelton received \$1,950.00 in entrusted funds of the Estate to which he was not entitled because the Clerk of Court had not approved any attorney fees to be paid to Shelton.

26. During the time that Shelton was the personal representative of the Estate he held the proceeds from the sale of the business in his trust account.

27. During this time he disbursed funds from the trust account by checks that failed to identify the client whose funds were being disbursed, including checks to himself which did not identify the client.

28. During the time that Shelton was the personal representative of the Estate and received the proceeds from the sale of the business, he failed to maintain these entrusted funds by allowing the balance in his trust account to fall below the minimum amount he should have been holding for the Estate during the time he was making disbursements for the Estate.

29. On or about March 20, 2009, Shelton was served with a letter of notice in State Bar grievance file number 08G0728 (“grievance”).

30. Shelton’s response to the letter of notice was due on or about April 4, 2009.

31. Shelton failed to respond to the letter of notice by April 4, 2009.
32. On or about May 5, 2009 the State Bar sent Shelton a follow up letter asking him to respond to the letter of notice by May 15, 2009.
33. Shelton failed to respond by May 15, 2009.
34. On or about July 24, 2009 Shelton responded to the letter of notice.
35. On or about January 25, 2010, State Bar staff counsel sent Shelton a letter asking for documentation showing receipt and disbursement of funds for the Estate.
36. On or about January 27, 2010 State Bar staff counsel sent Shelton a letter with specific inquiries, including an explanation for his unilateral changes to the settlement statement signed by the parties and his collection of his legal fees from the sales proceeds.
37. Shelton's response was due by February 26, 2010.
38. On or about February 26, 2010, Shelton contacted staff counsel and stated that he was going to meet with attorney Emily Tobias ("Tobias") on or about March 1, 2010 and would respond to the January 27, 2010 letter after their meeting.
39. Shelton failed to respond to the January 25, 2010 letter.
40. Shelton failed to respond to the January 27, 2010 letter.
41. On or about March 31, 2010, Shelton was served with a subpoena requiring his appearance on April 29 2010, production of documents and written response to the State Bar's January 27, 2010 letter.
42. Shelton appeared on April 29, 2010 but failed to produce all of the subpoenaed documents or the written response to the January 27, 2010 letter.
43. Shelton was given until May 10, 2010 to produce the documents and written response by letter dated April 30, 2010.
44. Shelton failed to produce the documents or the written response by May 10, 2010.
45. On or about December 11, 2010, Shelton was served with a supplemental subpoena requiring production of additional documents, identification of clients for unidentified disbursements, and a written response to the accompanying letter dated December 10, 2010.
46. In the letter accompanying the subpoena, Shelton was asked to explain the following:

- Why the single ledger balance report for the closing showed a deposit of \$92,000.00 yet the bank records showed only a deposit of \$90,000.00.
- Why numerous checks from his trust account did not identify from which client balances the disbursements were made.
- Why there was a failure to continuously maintain minimum balances in his trust account for the proceeds received from the closing.
- Why there was a failure to identify clients on disbursement checks from his trust account.
- Whether he had explanations for the State Bar's concerns that various Rules of Professional Conduct had been violated.

47. Shelton's production of documents and response to the letter was due on January 10, 2011

48. Shelton failed to appear and produce the requested documents on January 10, 2011 as required by the subpoena and failed to respond to the letter of December 10, 2010.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C. Gen. Stat. § 84-28(b)(2) in that Defendant violated the Rules of Professional Conduct in effect at the time of the conduct as follows:

- (a) By failing to timely respond to the letter of notice, various requests for information and failing to comply with subpoenas from the North Carolina State Bar, Shelton failed to respond to lawful demands for information from a disciplinary authority in violation of Rule 8.1 (b);
- (b) By failing to carry out his duties as a personal representative for the Estate of Mark Allen Westbrook and being held in civil contempt by the Clerk of Court, Shelton engaged in conduct that is prejudicial to the administration of justice in violation of Rule 8.4 (d);
- (c) By allowing his trust account balance to fall below the minimum balance he should have been holding for the estate, Shelton failed to hold and maintain entrusted property in violation of Rule 1.15 (a);
- (d) By disbursing funds from his trust account that failed to identify the client whose funds were being disbursed, including checks to Shelton which did not indicate the balance on which the check was drawn, Shelton failed to keep the minimum records required for general trust accounts in violation of Rule 1.15-3 (b) and made disbursements from his trust account payable to himself that did not indicate the client balance on which the instrument was drawn in violation of Rule 1.15-2 (h); and

- (e) By taking \$1,950.00 in entrusted funds to which he was not entitled, Shelton misappropriated entrusted funds in violation of Rule 1.15-2(a) & (j) and Rule 8.4(c).

SECOND CLAIM FOR RELIEF

49. Paragraphs 1-48 are incorporated as if fully set out herein.
50. Shelton was the closing attorney for a real estate transaction in which Elizabeth Foster ("the Seller") sold real property located on US Highway 1, Southern Pines, NC to SLK2, LLC ("the Buyer") or about April 15, 2010.
51. As the closing attorney, Shelton represented the Buyer.
52. Shelton prepared a HUD-1 Settlement Statement for the transaction which showed receipt of cash and disbursements for the transaction. A true and accurate copy of the HUD-1 Settlement Statement is attached hereto as Exhibit C.
53. The HUD-1 Settlement Statement shows that Shelton collection \$910.00 for title insurance from the Buyer and disbursed \$910.00 to Fidelity National Title Insurance Company for the Buyer's title insurance.
54. Shelton failed to apply for title insurance for the Buyer until approximately 4 months after the closing.
55. Shelton failed to respond to the buyer's requests for information and the title policy.
56. On or about August 20, 2010, Shelton was served with a letter of notice from the State Bar which requested the production of documents with his response.
57. Shelton failed to produce the documents requested in the letter of notice.
58. On or about October 7, 2010, the State Bar sent Shelton a letter asking him to produce documents relating to the closing.
59. Shelton failed to respond to the October 7, 2010 letter and failed to produce the requested documents.
60. On or about December 11, 2010, Shelton was served with a subpoena that required his appearance and production of documents on January 10, 2011.
61. Shelton failed to appear on January 10, 2011 and did not produce the requested documents.

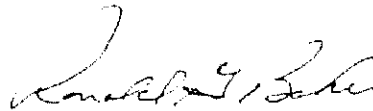
THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C. Gen. Stat. § 84-28(b)(2) in that Defendant violated the Rules of Professional Conduct in effect at the time of the conduct as follows:

- (a) By failing to complete the work for the title insurance policy and failing to respond to the buyer's repeated requests for information, Shelton failed to act with reasonable diligence and promptness in representing a client and failed to comply with reasonable requests for information in violation of Rule 1.3 and Rule 1.4;
- (b) By failing to timely complete the work for the title insurance policy and disburse the funds received from the buyer for title insurance, Shelton failed to identify, hold and maintain the property and failed to promptly pay or deliver the entrusted property in violation of Rule 1.15-2 (a) and (m); and
- (c) By failing to provide the documents requested by the North Carolina State Bar in the letter of notice, by failing to respond to a further request for information and by failing to comply with a subpoena, Shelton failed to respond to a lawful demand for information from a disciplinary authority in violation of Rule 8.1 (b).


WHEREFORE, Plaintiff prays that:

- (1) Disciplinary action be taken against Defendant in accordance with N.C. Gen. Stat. § 84-28(a) and § .0114 of the Discipline and Disability Rules of the North Carolina State Bar (27 N.C.A.C. 1B § .0114), as the evidence on hearing may warrant;
- (2) Defendant be taxed with the administrative fees and costs permitted by law in connection with this proceeding; and
- (3) For such other and further relief as is appropriate.

The 7th day of October, 2011.



Ronald G. Baker, Sr., Chair
Grievance Committee



William N. Farrell
Deputy Counsel
State Bar No.
The North Carolina State Bar
P.O. Box 25908
Raleigh, NC 27611
919-828-4620

Attorney for Plaintiff



DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

SETTLEMENT STATEMENT

B. TYPE OF LOAN

1. ☐ FHA 2. ☐ FmHA 3. ☐ CONV. UNINS. 4. ☐ VA 5. ☐ CONV. INS.
 6. FILE NUMBER SOUTH BOUND BAR BUY 7. LOAN NUMBER
 8. MORTGAGE INS CASE NUMBER

E: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.
 1.0 3/98 (SOUTH BOUND BAR BUY, PFD/SOUTH BOUND BAR BUY/3)

AND ADDRESS OF BORROWER

E. NAME AND ADDRESS OF SELLER

F. NAME AND ADDRESS OF LENDER

OUND ENTERTAINMENT, and

ESTATE OF MARK ALAN WESTBROOK

STREET BAR & GRILL
ROAD, S. PINES, NCPROPERTY LOCATION
STREET BAR & GRILL
ROAD,
CountyH. SETTLEMENT AGENT 56-2064815
Randolph E. Shelton, Jr.

I. SETTLEMENT DATE

PLACE OF SETTLEMENT
1600 Morganton Road, P-2
Pinehurst, NC 28374

January 26, 2007

J. SUMMARY OF BORROWER'S TRANSACTION

K. SUMMARY OF SELLER'S TRANSACTION

GROSS AMOUNT DUE FROM BORROWER:

400. GROSS AMOUNT DUE TO SELLER:

Contract Sales Price 90,000.00

401. Contract Sales Price

90,000.00

Personal Property

402. Personal Property

Settlement Charges to Borrower (Line 1400) 1,225.00

403.

404.

405.

Adjustments For Items Paid By Seller in advance

Adjustments For Items Paid By Seller in advance

Town Taxes to

406. City/Town Taxes

to

County Taxes to

407. County Taxes

to

Assessments to

408. Assessments

to

409.

410.

411.

412.

GROSS AMOUNT DUE FROM BORROWER

91,225.00

420. GROSS AMOUNT DUE TO SELLER

90,000.00

REDUCTIONS PAID BY OR IN BEHALF OF BORROWER:

500. REDUCTIONS IN AMOUNT DUE TO SELLER:

If or earnest money

501. Excess Deposit (See Instructions)

Total Amount of New Loan(s)

502. Settlement Charges to Seller (Line 1400)

22,267.99

Original loan(s) taken subject to

503. Existing loan(s) taken subject to

504. Payoff of first Mortgage

505. Payoff of second Mortgage

506.

507.

508.

509.

Adjustments For Items Unpaid By Seller

Adjustments For Items Unpaid By Seller

City/Town Taxes to

510. City/Town Taxes

to

County Taxes to

511. County Taxes

to

Assessments to

512. Assessments

to

513.

514.

515.

516.

517.

Dumont No.

EXHIBIT A

3. Appraisal Fee	to			
04. Credit Report	to			
805. Lender's Inspection Fee	to			
806. Mortgage Ins. App. Fee	to			
807. Assumption Fee	to			
808.				
809.				
810.				
811.				
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE				
901. Interest From	to	@ \$	/day (days %)	
902. Mortgage Insurance Premium	months			
903. Hazard Insurance Premium	1.0 years			
904.				
905.				
1000. RESERVES DEPOSITED WITH LENDER				
1001. Hazard Insurance	@ \$	per		
1002. Mortgage Insurance	@ \$	per		
1003. City/Town Taxes	@ \$	per		
1004. County Taxes	@ \$	per		
1005. Assessments	@ \$	per		
1006.	@ \$	per		
1007.	@ \$	per		
1008. Aggregate Adjustment	@ \$	per		
1100. TITLE CHARGES				
1101. Settlement or Closing Fee	to			
1102. Abstract or Title Search	to			
1103. Title Examination	to			
1104. Title Insurance Binder	to			
1105. Document Preparation	to			
1106. Notary Fees	to			
1107. Attorney's Fees	to Randolph E. Shelton, Jr.			
(Includes above item numbers:			975.00	97
1108. Title Insurance	to			
(Includes above item numbers:				
1109. Lender's Coverage	\$			
1110. Owner's Coverage	\$			
1111.				
1112.				
1113.				
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES				
1201. Recording Fees: Deed \$: Mortgage \$: Releases \$		
1202. City/County Tax/Stamp: Deed	: Mortgage			
1203. State Tax/Stamp: Revenue Stamps	180.00; Mortgage	POC \$180.00b		
1204.				
1205.				
1300. ADDITIONAL SETTLEMENT CHARGES				
1301. Survey	to			
1302. Pest Inspection	to			
1303. NC SEC OF STATE	to RANDOLPH E. SHELTON, JR.			
1304.			250.00	
1305. See addit'l disk exhibit	in			

AMOUNT DUE FROM BORROWER		91,225.00	420. GROSS AMOUNT DUE SELLER	90,000.00
PAID BY OR IN BEHALF OF BORROWER:			500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
earnest money			501. Excess Deposit (See Instructions)	
Amount of New Loan(s)			502. Settlement Charges to Seller (Line 1400)	22,267.99
Loan(s) taken subject to			503. Existing loan(s) taken subject to	
			504. Payoff of first Mortgage	
			505. Payoff of second Mortgage	
			506.	
			507.	
			508.	
			509.	
Adjustments For Items Unpaid By Seller			Adjustments For Items Unpaid By Seller	
City/Town Taxes	to		510. City/Town Taxes	to
County Taxes	to		511. County Taxes	to
Assessments	to		512. Assessments	to
			513.	
			514.	
			515.	
			516.	
			517.	
			518.	
			519.	
TOTAL PAID BY/FOR BORROWER			520. TOTAL REDUCT. AMT DUE SELLER	22,267.99
CASH AT SETTLEMENT FROM/TO BORROWER:			600. CASH AT SETTLEMENT TO/FROM SELLER:	
Gross Amount Due From Borrower (Line 120)	91,225.00		601. Gross Amount Due To Seller (Line 420)	90,000.00
Less Amount Paid By/For Borrower (Line 220)			602. Less Reductions Due Seller (Line 520)	(22,267.99)
CASH (X FROM) (TO) BORROWER	91,225.00		603. CASH (X TO) (FROM) SELLER	67,732.01

I, the undersigned hereby acknowledge receipt of a completed copy of pages 1 & 2 of this statement & any attachments referred to herein.

Borrower

SOUTH BOUND ENTERTAINMENT,

INC.

Seller

ESTATE OF MARK ALAN WESTBROOK

SELLER ADDITIONAL DISBURSEMENTS EXHIBIT**Borrower:** SOUTH BOUND ENTERTAINMENT, and INC.**Seller:** ESTATE OF MARK ALAN WESTBROOK**Att Agent:** Randolph E. Shelton, Jr.
(910)692-8635**Place of Settlement:** 1600 Morganton Road, P-2
Pinehurst, NC 28374**Settlement Date:** January 26, 2007**Property Location:** BROAD STREET BAR & GRILL
715 SW BROAD,
Moore County

PAYEE/DESCRIPTION	NOTE/REF NO	SELLER
BB&T CREDIT LINE 3219		2,324.02
BB&T CREDIT LINE 5228		3,776.26
MOORE CO. TAX COLLECTOR PROPERTY TAX		722.30
CHERYL WALTERS BOOKKEEPING		2,550.00
VERITECH CREDIT LINE		4,781.08
HSBC CREDIT LINE		93.00
MBNA CREDIT LINE		4,548.33
CAPITAL ONE CREDIT LINE		2,498.00
Total Additional Disbursements shown on Line 1305		\$ 21,292.99

A. U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT SETTLEMENT STATEMENT	B. TYPE OF LOAN:				
	1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> CONV. UNINS.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.
	6. FILE NUMBER: SOUTH BOUND BAR BUY		7. LOAN NUMBER:		
	8. MORTGAGE INS CASE NUMBER:				

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.
 1.0 3/99 (SOUTH BOUND BAR BUY.PFD/SOUTH BOUND BAR BUY/8)

D. NAME AND ADDRESS OF BORROWER: SOUTH BOUND ENTERTAINMENT, and INC. BROAD STREET BAR & GRILL 715 SW BROAD, S. PINES, NC	E. NAME AND ADDRESS OF SELLER: ESTATE OF MARK ALAN WESTBROOK	F. NAME AND ADDRESS OF LENDER:
G. PROPERTY LOCATION: BROAD STREET BAR & GRILL 715 SW BROAD, Moore County	H. SETTLEMENT AGENT: 56-2064815 Randolph E. Shelton, Jr. PLACE OF SETTLEMENT 1600 Morganton Road, P-2 Pinehurst, NC 28374	I. SETTLEMENT DATE January 26, 2007

J. SUMMARY OF BORROWER'S TRANSACTION

100. GROSS AMOUNT DUE FROM BORROWER:	
101. Contract Sales Price	90,000.00
102. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	2,200.00
104.	
105.	
<i>Adjustments For Items Paid By Seller in advance</i>	
106. City/Town Taxes to	
107. County Taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. GROSS AMOUNT DUE FROM BORROWER	92,200.00
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:	
201. Deposit or earnest money	
202. Principal Amount of New Loan(s)	
203. Existing loan(s) taken subject to	
204.	
205.	
206.	
207.	
208.	
209.	
<i>Adjustments For Items Unpaid By Seller</i>	
210. City/Town Taxes to	
211. County Taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. TOTAL PAID BY/FOR BORROWER	
300. CASH AT SETTLEMENT FROM/TO BORROWER:	
301. Gross Amount Due From Borrower (Line 120)	92,200.00
302. Less Amount Paid By/FOR Borrower (Line 220)	()
303. CASH (X FROM) (TO) BORROWER	92,200.00

K. SUMMARY OF SELLER'S TRANSACTION

400. GROSS AMOUNT DUE TO SELLER:	
401. Contract Sales Price	90,000.00
402. Personal Property	
403.	
404.	
405.	
<i>Adjustments For Items Paid By Seller in advance</i>	
406. City/Town Taxes to	
407. County Taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. GROSS AMOUNT DUE TO SELLER	90,000.00
500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
501. Excess Deposit (See Instructions)	
502. Settlement Charges to Seller (Line 1400)	29,473.30
503. Existing loan(s) taken subject to	
504. Payoff of first Mortgage	
505. Payoff of second Mortgage	
506.	
507.	
508.	
509.	
<i>Adjustments For Items Unpaid By Seller</i>	
510. City/Town Taxes to	
511. County Taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. TOTAL REDUCTION AMOUNT DUE SELLER	29,473.30
600. CASH AT SETTLEMENT TO/FROM SELLER:	
601. Gross Amount Due To Seller (Line 420)	90,000.00
602. Less Reductions Due Seller (Line 520)	(29,473.30)
603. CASH (X-TO) (FROM) SELLER	60,526.60

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.

Borrower

SOUTH BOUND ENTERTAINMENT

INC.

Seller

ESTATE OF MARK ALAN WESTBROOK

EXHIBIT B

L. SETTLEMENT CHARGES				PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL COMMISSION Based on Price					
Division of Commission (line 700) as Follows:					
701. \$	to				
702. \$	to				
703. Commission Paid at Settlement					
704.	to				
800. ITEMS PAYABLE IN CONNECTION WITH LOAN					
801. Loan Origination Fee	%	to			
802. Loan Discount	%	to			
803. Appraisal Fee		to			
804. Credit Report		to			
805. Lender's Inspection Fee		to			
806. Mortgage Ins. App. Fee		to			
807. Assumption Fee		to			
808.					
809.					
810.					
811.					
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE					
901. Interest From	to	@ \$	/day (days %)		
902. Mortgage Insurance Premium for	months to				
903. Hazard Insurance Premium for	1.0 years to				
904.					
905.					
1000. RESERVES DEPOSITED WITH LENDER					
1001. Hazard Insurance	@ \$	per			
1002. Mortgage Insurance	@ \$	per			
1003. City/Town Taxes	@ \$	per			
1004. County Taxes	@ \$	per			
1005. Assessments	@ \$	per			
1006.	@ \$	per			
1007.	@ \$	per			
1008. Aggregate Adjustment	@ \$	per			
1100. TITLE CHARGES					
1101. Settlement or Closing Fee	to				
1102. Abstract or Title Search	to				
1103. Title Examination	to				
1104. Title Insurance Binder	to				
1105. Document Preparation	to Randolph E. Shelton, Jr.				1,950
1106. Notary Fees	to				
1107. Attorney's Fees	to Randolph E. Shelton, Jr.			2,200.00	
(includes above item numbers:)					
1108. Title Insurance	to				
(includes above item numbers:)					
1109. Lender's Coverage	\$				
1110. Owner's Coverage	\$				
1111.					
1112.					
1113.					
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES					
1201. Recording Fees: Deed \$	Mortgage \$	Releases \$			
1202. City/County Tax/Stamps: Deed	Mortgage				
1203. State Tax/Stamps: Revenue Stamps	180.00; Mortgage	POC:8180.00			
1204.					
1205.					
1300. ADDITIONAL SETTLEMENT CHARGES					
1301. Survey	to				
1302. Pest Inspection	to				
1303.					
1304.					
1305. See addit'l disc. exhibit	to				27.52
1400. TOTAL SETTLEMENT CHARGES (Enter on Lines 103, Section J and 502, Section K)				2,200.00	29.47

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

Certified to be a true copy.


Randolph E. Shelton, Jr.
Settlement Agent

ADDITIONAL DISBURSEMENTS EXHIBIT

Borrower: SOUTH BOUND ENTERTAINMENT, and INC.
Seller: ESTATE OF MARK ALAN WESTBROOK
Settlement Agent: Randolph E. Shelton, Jr.
 (910)692-8636
Place of Settlement: 1600 Morganton Road, P-2
 Pinehurst, NC 28374
Settlement Date: January 28, 2007
Property Location: BROAD STREET BAR & GRILL
 715 SW BROAD,
 Moore County

Em-ly
 695-0825

PAYEE/DESCRIPTION	NOTE/REF NO	BORROWER	SELLER
BB&T			
CREDIT LINE 3219			2,324.02
BB&T			
CREDIT LINE 5228			3,776.26
VAN McCOLL			
SERVICES-SPORTS PAGE			5,900.00
RANDOLPH E. SHELTON, JR.			
OPENING CHECKING DEPOSIT			100.00
CRESCENT STATE BANK			
CREDIT LINE			13,099.06
PHIL PETERSON			
REIMB CREDIT LINE ADVANCES			2,324.02
Total Additional Disbursements shown on Line 1305		\$ 0.00	\$ 27,523.36